DOCUMENT RESUME

ED 445 088 TM 031 766

TITLE	Higher Standards for All: New York State's Educational Performance Gap and Necessary Reforms.
INSTITUTION	New York State Office of the Comptroller, Albany.
PUB DATE	2000-07-00
NOTE	33p.
AVAILABLE FROM	Office of the State Comptroller, Public Information Office, Governor Smith State Office Building, Albany, New York 12236. Tel: 518-474-4015; Web site: www.osc.state.ny.us.
PUB TYPE	Opinion Papers (120)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	*Academic Achievement; *Academic Standards; Educational Change; *Educational Equity (Finance); Educational Finance; Elementary Secondary Education; State Programs; *State Standards
IDENTIFIERS	*New York

ABSTRACT

The focus on raising standards reflects a national trend in which New York State is considered a leader. The new requirements adopted by the State Board of Regents have generally been supported by business leaders and all major educational policy advocacy groups. There are positive signs that achievement is improving, but there is a performance gap between current levels of achievement and what will be required under the new standards. This gap, which is felt in almost every school district, is most severe in lower-wealth and urban districts. The new standards highlight both the disparities and the need to ensure that children in all schools have the support necessary to help them meet the new requirements. Raising standards is a first step to addressing the performance gap, but school finance reform is also necessary. A variety of other policies will also have to be pursued to address the performance gap, but efforts in all areas will be jeopardized if action is not taken to reform New York State's school finance system, especially the fundamental financial inequities that result in lower salaries for teachers in many of the neediest districts. (SLD)

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Higher Standards for All

New York State's Educational Performance Gap and Necessary Reforms

July 2000

H. Carl McCall
State Comptroller

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A Message from State Comptroller H. Carl McCall

New York State is taking bold steps to raise educational standards. The Board of Regents has established new curriculum standards, tests and tougher graduation requirements. Last fall's ninth graders will have to pass five Regents exams to graduate from high school, and the options for less rigorous diplomas are being phased out.

We are now asking a lot more of our students, teachers, parents and schools, as we must, because New York State's economic future depends on having a well-educated workforce. But raising standards doesn't come without hard work, and we must ensure that all of our schoolchildren receive the support they need to meet the new standards.

New and more rigorous statewide tests are demonstrating a gap between current achievement levels and what is required under the new standards — a performance gap. Although this gap is felt in almost every school district, the problems are most severe in lower-wealth and urban districts, which are often high-minority areas. There are encouraging signs and improvements in recent test results, but we still have a long way to go.

As trying as the process may be, I believe we must hold to the new higher goals for all students. To be successful, we will have to focus on school-level accountability and take many steps to ensure a strong teaching workforce. However, educational performance disparities are rooted in economic disparities among schools and communities. In fact, the very schools with the most difficult task ahead in meeting the new standards usually have the fewest resources. To successfully ensure higher standards for all, we must therefore fundamentally reform our school finance system.

In New York State, school aid is apportioned through a jumble of formulas annually manipulated in secret, as part of a dysfunctional budget process, with politics rather than need determining funding. In addition to its complexity and failure to address equity, the current system actually rewards higher spending and penalizes economy through a series of "spend-to-get" provisions. Although the State has provided record school aid increases in recent years, these increases have been paid through a deeply flawed system which fails to address either equity or efficiency.

Our school finance system is also under challenge in a current court case, on the basis that poor and minority students statewide are being deprived of an adequate education. Although we may now have the highest standards in the nation, New York State is also one of the worst states in terms of funding equity. These are issues that must be addressed, but which have not yet received an appropriate level of attention from State leaders.

In an information-age economy, education is increasingly critical to economic development. We must take strong action to eradicate the gap between educational haves and have-nots, and requiring higher standards for all students is a vital first step. Now that we have chosen to eliminate a two-track educational system, we must choose to reform the existing two-track financial system. We must ensure that all of our schools are able to provide a learning environment that can prepare all of our children for citizenship and employment in the new economy. In addition to being imperative for the State's long-term economic growth, it is simply the right thing to do.

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Executive Summary

Under the policy leadership of the New York State Board of Regents many changes are being undertaken to improve educational performance. The Regents have adopted new curriculum standards which all school districts must implement and tougher graduation requirements are being phased in, with the less rigorous non-Regents diploma option being eliminated. Students who entered ninth grade last fall will have to pass five Regents exams to graduate.

The focus on raising standards reflects a national trend, in which New York State is considered to be a leader. The new requirements adopted by the Regents have generally been supported by business leaders and all the major educational advocacy groups, although as complete implementation nears many caution that additional resources and time will be needed.

There are many elements in the effort to raise standards, including new tests, curriculum standards and graduation requirements; a focus on performance through annual school "report cards" and other measures; and corrective action in low-performing schools. More rigorous tests and active monitoring of results are integral to raising standards, and these measures have made it very apparent that a high percentage of schools and students still have a long way to go.

There are positive signs, such as that more students are taking and passing Regents examinations. For example, 92 percent of this year's seniors have passed the Regents English exam, which is now a requirement for graduation (4 percent failed, but may retake it, and 4 percent have not yet taken it). However, the figures are less encouraging when results for students who should be seniors, but have been held back in grade since entering ninth grade are included: 78 percent passed. They are lower still based on the traditional passing score of 65 (rather than 55, which is allowed as a passing grade under a phase-in provision): 66 percent passed. Another worrisome indicator is that, even with improvements this year, 41 percent of students statewide are not meeting the new standards as measured by the fourth grade reading test.

Thus, there is a "performance gap" between current levels of achievement and what will be required under the new standards. Although this gap is felt in almost every school district, the problems are the most severe in lower-wealth and urban districts, which are often high-minority areas. Disparities in resources and results among school districts are by no means new, nor are they unique to New York State. However, the new higher standards highlight both the disparities and the need to ensure that children in all schools have the support necessary to help them meet the new requirements.

Data published annually by the State Education Department (SED) on statewide reading and mathematics tests have consistently shown much lower scores for students in poor districts than for those in average- and high-wealth districts, and lower scores in urban areas and schools with high concentrations of poverty and minority students. For example, on the most recent fourth grade English Language Arts test 61 percent of children in the big cities could not read at grade level whereas in lower-need districts only 16 percent were below grade level. These disparities in results are rooted in funding and program disparities among schools and economic disparities among communities.

Socioeconomic conditions are a major factor for the majority of children lagging in performance. Students raised in poverty need more attention and support services to succeed in school, and these services will be even more acutely needed for them to meet the new, more demanding standards. But rather than having additional resources available, schools in disadvantaged areas almost always have less of everything compared with their wealthier neighbors. On average, they have more uncertified and lower paid teachers, bigger class sizes, fewer and older books and computers, and older and less well maintained buildings. While the preponderance of children living in poverty attend school in one of the large cities, the performance gap is evident in poorer schools and districts throughout the State.

There are of course many examples of students and schools in high-poverty areas performing very well. However, these cases are not the rule, and are usually the result of extraordinary efforts undertaken by extremely dedicated administrators, teachers and parents. A core group of school personnel working with parents can make a critical difference, but the poorer school districts do not routinely attract or handsomely compensate such teachers or administrators. It is often the case that a committed group of parents is attracted to a particular school, and in many cases additional resources are also provided by special grants, businesses, community organizations or the parents themselves. These exceptional success stories should therefore not be interpreted to mean that additional resources are not necessary.

Overall, many more students are now graduating from high school than in the past — 80 percent compared with 55 percent in 1970. However, the disparities in performance found at the elementary and secondary level continue in college attendance and graduation. Two to three times more students drop out of school in the big cities — where poverty is concentrated and most minority students attend school — and fewer attend and graduate from college.

In the new economy, simply graduating from high school is no longer enough, as more and more new jobs demand greater skills and at least some post-secondary education. In the past there were many well-paid manufacturing jobs that did not require a high degree of training, but in today's information age economy, many of these jobs are disappearing. This fundamental change in the nature of the economy must be matched by a sustained and successful effort to raise standards and performance for all students.

Within New York State, as well as nationally, many efforts are underway or are being considered to help eliminate or lessen the gap between educational haves and have-nots. The move to higher standards is a part of this. The intent is to eliminate a two-track educational system and require a more challenging curriculum that can successfully engage all students and prepare them for citizenship and employment in the new economy.

A corollary effort is underway that requires increased performance accountability for schools. In New York State, this effort is tied to the new standards, and includes school report cards as well as other school accountability measures. The Regents are also moving toward a regulatory system

which focuses more on schools that perform poorly and provides well-performing schools with greater administrative flexibility.

Raising standards is a vital first step to addressing the performance gap, but if this gap is also to be successfully addressed in high-need, low-resource school districts, school finance reform is an absolute necessity. School expenditures are heavily reliant on local resources, largely property taxes or a municipal budget, and thus it is local wealth — rather than need — which determines how much money is spent on students. This disparity between needs and resources is often referred to as the equity issue. Although New York State usually ranks high on 50-state spending comparisons, it also ranks very high on measures of funding inequity or resource disparities.

State school aid payments are made through a convoluted amalgamation of formulas which are annually manipulated in the budget process. Although the original intent of the aid system was to help lower-resource school districts meet their needs, it has never provided enough resources to poorer or needier areas to effectively equalize spending or programs. In fact, the wealthiest tenth of districts generally spend at twice the level found in poorer districts. This spending difference, moreover, only tells half the story, because in addition to spending less, poorer districts generally have much greater needs in terms of disadvantaged students. Schools in more urbanized areas, particularly in the downstate metropolitan area, also face higher costs for labor, utilities and other expenses. Some of the most severe disparities are found within this region.

A series of previous Comptroller's reports have provided extensive criticism of the current school aid system and offered an agenda for reform. In essence, the system does not deliver enough aid to districts in need, because politics rather than need determines funding. And despite record school aid increases over the past four years — a total of $3.4 billion— the aid system has not been significantly reformed. Annual aid increases have tended to be very broadly shared, and although the complex manipulated system produces vagaries in aid for individual school districts, generally the goal is to give major regions a politically negotiated "share."

In addition to their complexity and failure to successfully address equity, the current formulas are in many ways inconsistent with a focus on cost-effectiveness. Through a series of "spend-to-get" provisions, the formulas actually reward higher spending and penalize economy.

Necessary Reforms

Clearly, a variety of policies will have to be pursued to address the performance gap. Many initiatives intended to do this are underway already, such as the new standards and a variety of accountability requirements and intervention programs.

The Board of Regents have been at the forefront of the campaign to raise standards in New York State. Moreover, SED officials and the Regents have for many years drawn attention to the disparities in resources and in performance among school districts. Recently, attention to this topic has increased, as the Regents have focused on the performance gap in an effort linked to their school

aid proposals, describing why more aid needs to be directed to high-need districts. Additionally, the Regents are promoting relationships among schools and community social service agencies, enhancing an existing program designed to replicate model programs among districts (the "Sharing Success" program) and focusing on school leadership issues.

New requirements for more rigorous training and certification of teachers have already been imposed administratively by the Regents. Although higher standards for teacher education are critical to increasing student performance, this change in and of itself may have a negative impact on the supply of teachers. Since there is already a teacher shortage, and about 50 percent of New York's current teaching force will be eligible to retire within a decade, this year's budget included a $25 million package of new programs designed to help recruit and train teachers.

However, efforts in all of these areas will be jeopardized if action is not taken to reform New York State's school finance system. For example, although tuition awards and internship programs may be helpful for teacher recruitment, the fundamental financial inequities which result in much lower salaries for teachers in many of the neediest districts must be addressed. Adequate funding for school facilities, early childhood programs, smaller classes, and teacher training and development are all essential if the performance gap is to be successfully addressed.

Accordingly, the Comptroller calls upon the Legislature and the Governor to:

- Stand behind higher standards, holding to the original goals of expecting and requiring higher performance from all students.

- Comprehensively reform the current school finance system to support high standards by establishing a rational, understandable and permanent school aid formula that ensures all schools have the resources necessary for meeting the new standards. An opportunity has been missed in recent years because substantial increases in aid have been provided under the current flawed formulas which fail to provide equitable funding at the same time they fail to encourage local economy.

- Support school-level accountability, ensuring that meaningful results are achieved through the systems being put in place.

- Support reforms to elevate the quality of teacher education programs and preparation, and continue to seek ways to build the teaching workforce, especially in hard-to-staff regions and instructional areas.

Higher Standards for All

This report focuses on the gap in educational performance between current achievement and what is required under new standards that have been adopted by the New York State Board of Regents. As is demonstrated in data reported by the State Education Department (SED), this gap is much more profound in poorer school districts, particularly in urban areas where most minority students attend school. The goal of this report is to summarize the problem in New York State, with a view toward engendering support for a solution.

In today's economy, education is even more critical than it has been historically. In the past there were many well-paid manufacturing jobs which did not require a high degree of training, but today far fewer such jobs exist. High quality education is becoming a virtual necessity for individuals seeking success in the labor market and for businesses hoping to prosper in the new economy. Raising educational standards is essential to long-term economic development.

New York's Move to Higher Standards

New York State's focus on educational standards reflects a national trend, and New York is considered to be a leader. The higher standards and graduation requirements adopted by the Board of Regents in 1996 have been supported by business interests and all the major educational advocacy groups, although as complete implementation nears, many caution that additional time and resources are necessary.

The effort to raise standards has many elements, including new learning standards, tests and graduation requirements; focusing on performance through annual school "report cards" and taking corrective actions in low performing schools. By far the biggest change is the phasing out of the less rigorous graduation requirements available under a "local diploma" and instead requiring all students to pass five Regents examinations to graduate (accordingly, the new standards are often referred to as "Regents for all"). Associated revisions are underway in elementary and middle grades learning standards and tests to help prepare students for Regents-level study in high school (for example, the new fourth grade "English Language Arts" test).

The new high school graduation requirements:

- Establish new learning standards linked to more rigorous examinations,
- Require all students to pass five Regents examinations,
- Require additional study in mathematics, science and technology,
- Increase the total number of credits for graduation, and
- Require study of a second language (at least one year).

The new graduation requirements are already being phased in, and students who entered ninth grade in the fall of 1999 will have to pass five subject Regents examinations: English (usually given in the eleventh grade), science (for at least one year, e.g., biology, earth science, etc.), two social studies exams (global studies and U.S. history), and one year of math. For ninth graders entering in 2001 (the graduating class of 2005) the new standards will be fully implemented. Although the five exams have already been phased in for last fall's ninth graders, currently students are allowed to "pass" the Regents exams with a score of 55 (rather than the traditional 65) and may still graduate by passing alternative exams. Also, other requirements such as foreign language study and increased total credits do not become effective until 2001 for entering ninth graders.

Although tougher high school graduation requirements are the hallmark of the new standards, it is important to understand that these requirements, together with more stringent examinations in the elementary and middle school years, are effectively changing the nature of the education that must be provided all along the way. For example, the new fourth grade English exam asks students to read a passage and then write an essay, rather than being solely a multiple choice exam. This has meant that many more elementary students are exposed to reading books and writing reports on them, rather than workbooks and "fill-in-the-blanks" instruction. Similarly, many high schools serving low-income students are teaching essay-writing for the first time in decades.

For students already on the "Regents track," the new requirements will not require increased effort. Better-off school districts have always had a larger proportion of students pursuing this course, and so have less of an adjustment to make. Some districts even moved to a "Regents for all" approach before it was mandated. Under the new system an "Advanced Designation" is available for students meeting additional requirements and taking additional exams in mathematics, science and a foreign language. This designation is essentially equivalent to the old Regents diploma, which required three more examinations and courses than the new minimum requirements.

A "safety net" program is in place for students with disabilities, although they too will generally be subject to increased graduation requirements. Special provisions ease the requirements for English language learners (ELL): they can take all their exams except the English exam in their native language, and are allowed additional time and other considerations. However, students who have been taking courses in English for more than two years are not eligible for these considerations.

As the new graduation requirements are phased in, there is increasing concern about students who may not be able to pass the exams. These concerns have caused some to argue for retreating from the standards or the implementation schedule. Many advocates, including the Board of Regents, have called for new and increased funding, especially to provide "extra time for extra help" for students needing additional assistance.

There is also concern that the existing safety net for handicapped students is insufficient and that there should be a stronger safety net for ELL pupils. Many also argue that the standards should be amended for students focusing on vocational or technical education, or attending an alternative high school, with appropriate alternative evaluative tools (such as portfolios). The Regents are currently considering other models for students preparing for vocational careers.

The Performance Gap

The gap between current levels of achievement and what will be required under the new standards exists in every school district, but the gap is largest and the problems are the most severe in lower-wealth and urban districts, which are often high-minority areas. These disparities are by no means new, and result from a series of causes, including underlying socioeconomic conditions and a school finance system which results in disparities in funding and programs. Ironically, it is often in the districts and schools with the greatest needs that the resources are least available.

The move to raise standards is itself a tool to address the educational disparities among schools in New York. The new tests and the focus on results in various public reports highlights both the existing disparities and the need to ensure that children in all schools have the support necessary to help them meet the new requirements.

New statewide elementary and middle school tests, first used in 1999, are intended to help teachers identify specific areas where students need remedial attention to encourage their eventual passage of Regents exams in high school. At the elementary level, these tests score students at four levels: level 1 signifies extremely poor reading and writing skills; level 2 indicates the student has some knowledge and skills for each standard or full proficiency in some of the standards, but needs some help; level 3 means the student meets standards; and level 4 indicates that the student exceeds grade level reading and writing standards. Currently, SED has set a goal for all schools to have at least 90 percent of students scoring at level 2, 3 or 4; a standard that will change over time as performance goals change. Schools furthest from this standard may be placed on a list of worst performing schools (see discussion of Schools Under Registration Review following).

Scores from the new fourth grade English Language Arts (ELA) test administered in 1999 and 2000 confirm the wide performance gap among students in low-wealth districts and their more affluent counterparts.[1] When tested in 1999, more than 50 percent of all public school fourth graders did not meet grade level reading standards and needed remedial help (that is they scored at levels 1 and 2). In 2000, scores improved significantly, and the percentage of fourth graders scoring below standards dropped to 41 percent. This one-year increase is very encouraging, and is noticeable among all types of districts. Many hypothesize that teachers and schools are better preparing students for the new, more rigorous test, and that reduced class sizes in the large cities, as well as expanded after school and remedial programs are having an impact.

The chart on the following page demonstrates a relationship between district need (as measured by wealth and pupil needs) and student performance on the recent fourth grade ELA test. In this chart, districts are categorized into one of three "need" categories — high-need, average-need

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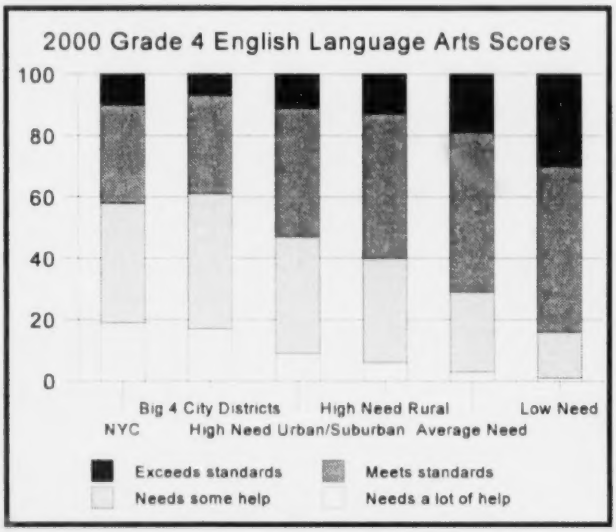
[1]The third grade PEP reading test, which has been phased out, used multiple choice questions to test children on reading comprehension, whereas the new tests require students to write to demonstrate reading comprehension and to interpret vocabulary in context. The results of the former tests revealed gaps in performance similar to those identified by the new test's results, although not as significant.

and low-need.[2] The high-need categories are divided into New York City, the "Big Four" cities (Buffalo, Rochester, Syracuse and Yonkers), urban/suburban and rural high-need districts. Need level is determined by a district's ability to raise resources locally relative to students' needs, e.g. the number of at-risk and special education pupils.



As demonstrated in the chart, in low-wealth, high-minority areas, such as the big four large city districts, as many as 61 percent did not meet reading standards in 2000 (down from 72 percent in 1999). In New York City, 58 percent could not read at grade level in 2000 (down from 67 percent in 1999).

In low-need districts, which generally have greater resources to meet students' needs, only 16 percent did not meet standards in 2000 (28 percent in 1999). Twenty-nine percent of students in average-need districts did not meet standards in 2000 (40 percent in 1999). Results from other fourth and eighth grade reading and mathematics tests show similar patterns, although overall results were generally better.

A high proportion of children living in poverty attend school in the large cities, which also comprise 74 percent of the State's minority population and 87 percent of students with limited English proficiency.[3] In downstate schools, the average percentage of students participating in a free and reduced price lunch program was 71 percent in high-minority schools—schools comprised of at least 80 percent minority students, as defined by SED—compared with 11 percent in low-minority districts—schools where minorities comprise 20 percent or less of the student population.[4] These high-need schools include a number of suburban districts in counties like Nassau, Suffolk, and Westchester, traditionally considered relatively wealthy.

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[2]SED includes 133 school districts in the low-need category, 343 in the average need and 206 in the high-need, which includes New York City (as one district) and each of the four next largest cities — Buffalo, Rochester, Syracuse and Yonkers.

[3]Most of the data provided in this report is taken from the State Education Department's annual report on the Educational Status of the State's Schools (also known as the Chapter 655 report). At the time this report was published the most recent data available was from the 1997-98 school year, reported by SED in April 1999. An update to this report is expected soon.

[4]Educational Priorities Panel report "*Checkerboard Schooling: How State Aid Affects High Minority School Districts in New York State*," October 1999.

Lower test scores are common in schools where many students come from economically disadvantaged homes, which are often more likely to be minority as well. For instance, in a high-need, small city district in upstate New York, one high-minority school where almost all students receive free or reduced price lunch and one in four are English language learners, less than 38 percent of students met state reading standards.[5] Whereas, in a nearby school within the same district where less than half of the students are minorities and 18 percent receive free or reduced price lunches, almost all of the students met the reading standards.

The gap in achievement is even more evident in scores for students with disabilities. In the large cities, students with disabilities are not meeting standards at a much greater rate than elsewhere in the State. SED hypothesizes that this is because the bigger cities are not as advanced in mainstreaming students with disabilities into regular classrooms, students in the larger cities tend to have more severe disabilities and there are fewer resources to help students achieve.

For the past 15 years, the State Education Department has used standardized test scores and other indicators such as graduation and suspension rates to identify poorly performing schools. Largely using these measures, the Education Department designates the worst-performing schools, now 105 statewide, as Schools Under Registration Review (SURR). On average, only about 13 percent of fourth grade students in SURR schools met reading standards in 1999.[6]

About one in four students in SURR schools speak little or no English, and the overall student composition is almost all minority with just about all students receiving free or reduced price lunches. Ninety-two percent of SURR schools are located in New York City, and another 6 percent are in the large cities.

For the most part, the performance gap in high-need districts does not improve in high school and many students leave the educational system altogether. Currently, most high school students in high-need districts now earn diplomas by taking Regents competency exams, which are being eliminated, and are fairly simple tests compared with the more difficult Regents subject exams. Under the new standards, all incoming high school students will have to pass the more demanding Regents exams in five subjects — science, mathematics, English, global studies and history — to graduate.

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[5]High-minority schools are defined by the State Education Department as those schools with minority populations equal to or exceeding 80 percent of the school's total student population.

[6]Under the SURR program, focused support is provided to improve student performance. Assistance is provided in the form of review teams and technical assistance, and deadlines are given to raise performance. If the situation worsens these schools could ultimately face closure. The short term goals set for SURR schools are far less stringent than the new learning standards, in some instances proposing only a minimal number of students reach grade level reading standards. The criteria for being furthest from standards is changed annually, and will be incrementally adjusted to correlate with the phase-in of new learning standards.

The current "Regents diploma" designation requires passage of eight of a possible 16 Regents exams (i.e., more than will be required under the new minimum standard). Differences in the proportion of students currently earning these diplomas are telling. Only 22 percent of New York City students earned a Regents diploma in 1998-99 compared with 60 percent in low-need districts and 44 percent statewide. (Note that these proportions are calculated using "average grade enrollments" discussed below.)

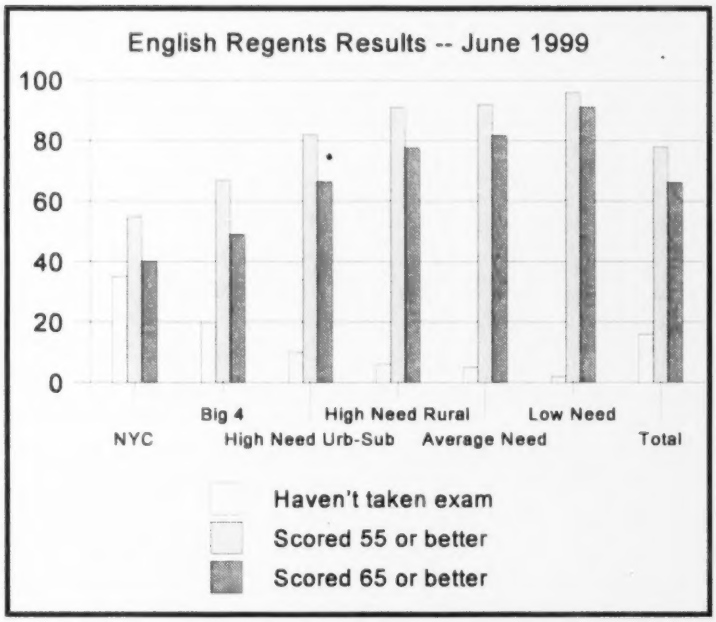
Students graduating this year (who first entered ninth grade in 1996) must pass only the English Regents exam; the number of Regents exams required for graduation has increased with each succeeding class. As a phase-in measure, a passing grade of 55 is allowed, but this will be increased to 65 for students entering ninth grade in the fall of 2000. When reporting on how well students do on this test, SED usually identifies how many students scored 55 or better, which is much more encouraging than the number who scored 65 or better.

Data released in January by SED shows that among current high school seniors, 92 percent have taken and passed the English Regents exam (with a score of 55 or better). Although this figure sounds reassuring, it must be noted that approximately one-quarter of these students scored between 55 and 65, and that about 20 percent of students who first entered ninth grade in 1996 were held back a grade. Counting all students who first entered ninth grade in 1996 (including those who are not currently seniors), only 78 percent have passed the exam. Another exam is being given in June 2000, which will be another opportunity for students expected to graduate this spring as well as those held back in grade. Currently students can still graduate under the local diploma option if they cannot pass the exam (although this option will be eliminated for the class of ninth graders entering in 2001).

Unlike previous SED data on Regents exams, these proportions are based on actual counts of students who took the exams, rather than an estimate of the size of the grade eligible. Previously, SED used an estimated measure to report students' progress called average grade enrollment (AGE): the total number of students in the school divided by the number of grades. This measure can often be misleading, especially if the number of students in each grade varies dramatically. Beginning in 1996, SED began collecting exam scores for each group of incoming ninth graders (referred to as a cohort, which is the data referenced above).

The most recent update on the English Regents exam scores was released in January 2000, including scores from an additional exam administered in August (another opportunity for those students who entered ninth grade in 1996 to pass the exam). Unfortunately, the data released in January differs from previously released data in that: (i) it does not distinguish between students passing with a score of 65 or 55; (ii) the new numbers exclude the 20 percent of this cohort (who first entered 9th grade in 1996) who have not taken the test or were held back a grade. Thus, this data cannot be directly compared to that reported last year and furthermore does not give a complete picture of each entering classes' prospects in meeting the new standards.

The table at right shows differences in English Regents passing rates among different need categories of school districts as of June 1999, for the cohort of students entering ninth grade in 1996. Last year's data is used in order to provide a comparison which distinguishes between passing scores of 55 (which will eventually be phased out) and 65 (the traditional passing score). In New York City 55 percent of students had passed the English Regents and in the big four large cities 67 percent passed with a score of 55 or better; compared with 92 percent and 96 percent, respectively, in the average- and low-need districts. Statewide, about 66 percent scored 65 or better: 40 percent in New York City and 36 percent in the next largest four cities, compared with 71 percent in suburban districts.



The magnitude of the differences is striking. Only 61 percent of New York City students and 68 percent of big four city school district students even took the exam, compared with almost 90 percent of students in the suburbs. It is not uncommon in low-wealth, high minority schools for few or no students to take Regents examinations (the exam is still technically optional, and is not required for graduation under a local diploma). For example, only two students out of a possible 400 took the English Regents in 1997 in one Bronx school, and only one passed it. Another reason so many were not tested in the large cities is that many students were left back or dropped out of school. For example, just over one-third of all 9th graders in New York City in 1997 repeated that grade. In contrast, the 9th grade repeat rates in low-need and average-need districts were 1.6 percent and 5.8 percent, respectively, compared to 20 percent statewide.

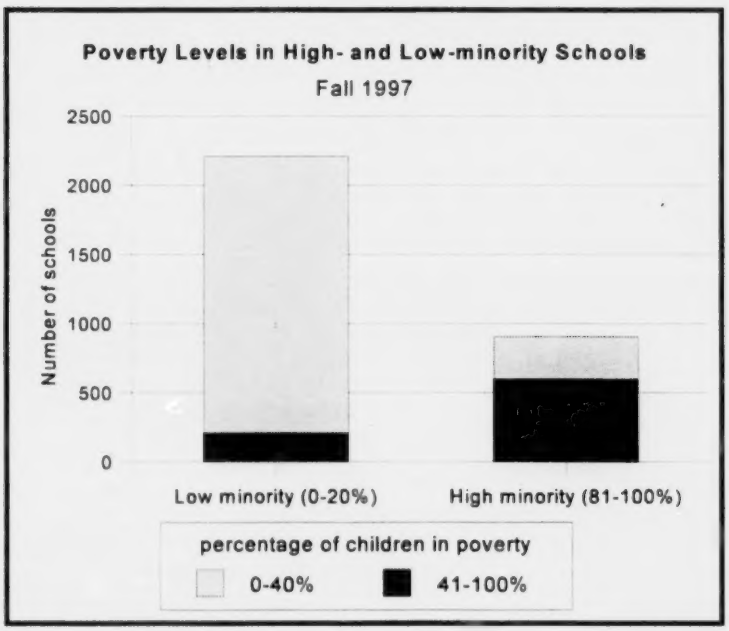
While the high-school graduation rate over the past few decades has increased dramatically, nationally and in New York State,[7] students in high-need districts and large city districts are still more than twice as likely to drop out of high school than students in average or low-need districts. In 1996-97, schools with the largest percentages of both poor and minority students had the highest

[7]According to the U.S. Census reports, 80 percent of New York's population (over the age of 25 as of 1997) has graduated from high school, compared with 82 percent nationally. The census data is further broken down by race. High school graduates include: 82 percent of white students; 69 percent of black students; and 52 percent of Hispanic students. Since 1970, New York's high school graduation rate has increased 25 percentage points.

dropout rates — one in 14, compared with one in 56 in low-poverty, low-minority districts. They are also five times less likely to attend college.[8]

Conditions Affecting School Performance

Children living in poverty generally have less access to medical care, proper nutrition, and quality daycare and preschool programs than other children. They are therefore less ready for school and often less motivated to learn. Once in school, children in high-need districts attend schools with less of just about everything — qualified and trained teachers, books, computers, clean buildings, classroom space and amenities, such as science laboratories, or gymnasiums—than children living in average- and low-need districts.



Three of four students in the large cities live in poverty, compared with one in 20 in the State's low-need districts. The State average for children living in poverty is one in four and the national average is one in five. Eighty-seven percent of students who speak no or limited English live in the big five city school districts.

In the 1997-98 school year, minority students were more likely than non-minority students to attend public schools with concentrated poverty, that is, where more than 40 percent of students' families are on public assistance. About three-fifths of the children in New York State without health insurance live in New York City, and a majority of the State's uninsured children are black or Hispanic.[9]

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[8]SED data reported in *Statewide Profile of the Educational System* (April 1999), p. 144; currently SED calculates the annual dropout rate as a percentage of the total 9-12 enrollment. "Cohort" drop-out rates, which show the overall percentage of a class of students that drop out are higher, but these rates are not yet available statewide.

[9] New York State Department of Health — Profile of New York's Uninsured Children — based on US Census Bureau's annual Current Population Survey estimates that 663,000 (13%) of the State's children did not have health insurance in recent years (1993-96).

Even before entering kindergarten, studies indicate there are vast differences in children's reading, mathematics, social skills, and health that are related to poverty, parents' education and race and ethnicity. On average, African-American and Hispanic children, children from welfare homes and those whose parents have less education, have significantly fewer early reading and mathematics skills, exhibit more problem behaviors and are less healthy, according to a recently published U.S. Department of Education National Center for Education Statistics (NCES) study.[10]

The NCES study found that most children enter kindergarten knowing the alphabet and numbers, well behaved and in good health. However, children living in poverty or from non-English speaking homes are less likely to count to 10, recite the alphabet or be in good health. A series of studies have documented the dramatic differences between high-poverty communities and others.[11] The strong correlation between socioeconomic conditions and educational performance does not mean that students from disadvantaged backgrounds cannot succeed, but often these students need additional support to achieve results equivalent to those achieved in better off communities.

High-need districts, especially high-minority districts, suffer from a high student mobility rate, meaning students often transfer from one city school to another.[12] This is considered to be disruptive to a student's education; in fact, the College Board cites it as a major impediment to success in school.[13] In fall 1997, the majority of high-minority schools had high mobility rates, whereas the opposite was true in higher wealth districts.

Resource Disparities

Students living in low-wealth districts continue to be more likely to attend schools with fewer resources, and yet have the farthest to go to meet the State's new and more stringent learning standards. High-need districts have, on average, bigger class sizes, fewer and older books and computers not capable of running new educational software. One in ten teachers are uncertified, many others lack training in the subjects they teach, and the majority are paid about 40 percent less than teachers in surrounding suburbs.

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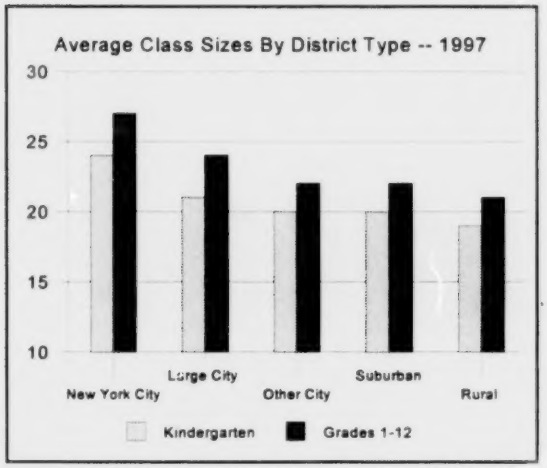
[10]The NCES longitudinal study, *America's Kindergartners* (February 2000), will continue to follow the same sample of 20,000 children through fifth grade, gathering data on their educational, social and physical growth. The study aims to reveal whether differences that exist when children enter school persist or change over time.

[11]See, for example: *Reinventing Chapter 1*, U.S. Department of Education (1993), or *What do Student Grades Mean? Differences across Communities*, General Accounting Office (1992).

[12]SED measures student stability by comparing the number students in a school's highest grade with those enrolled the previous year. The low rate is 1-80 percent; medium rate, 81-90 percent; high rate, 91-100 percent.

[13]*Reaching the Top, A Report of the National Task Force on Minority High Achievement*, The College Board (1999).

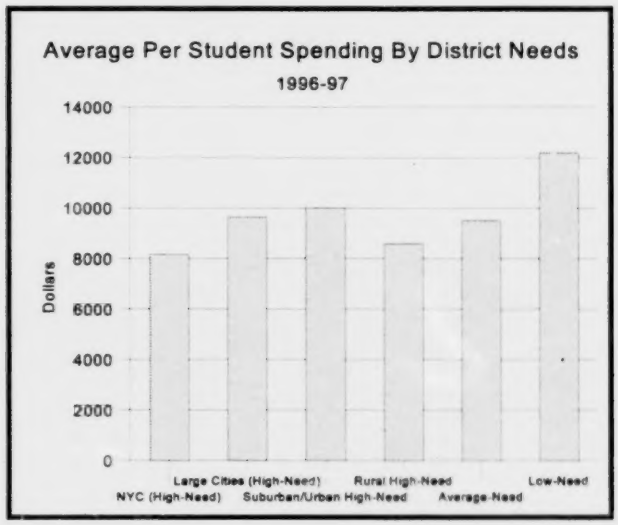


Class sizes in the large cities are 25 to 36 percent larger than in other New York State public schools.[14] Many national studies demonstrate that reduced class sizes improve performance for all students, but especially for inner-city students.[15]

For every 100 students in the majority of high-need schools, there are on average between three and four new generation computers capable of handling current educational software and/or accessing the Internet. Rural districts and low-need districts have three times as many new generation computers on average.

The Regents recommend that all elementary school students read 25 books a year. Yet, students in urban high-need school districts have an average of nine library books per student in New York City compared to 23 in low-need districts.

As part of the new standards, all students will be required to have hands-on science lab experience to graduate, however, it has been estimated that as many as a third of New York City schools that should have labs either do not or the labs are too outdated.



The majority of big city public schools are at least 50 years old, many in the 80- to 100-year range, and have suffered from decades of deferred maintenance. Besides requiring paint and pointing, a large proportion need updating to accommodate science laboratories, increased electrical capacity, computer wiring, art, gym and music facilities and handicapped access.

Despite these conditions as well as higher regional costs, several of the large cities spend less per student than the State average. 1996-97, New York City spent $8,171 per student, which is

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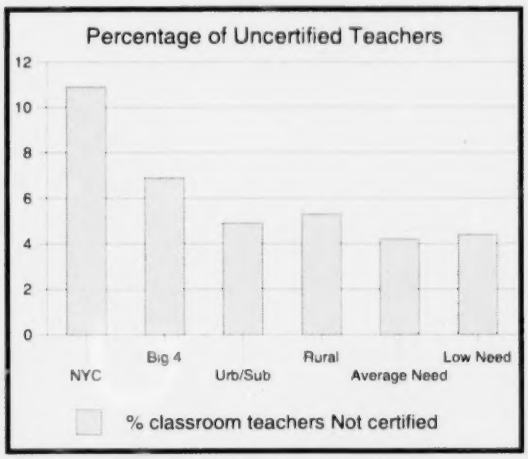
[14] *Statewide Profile of the Educational System*, State Education Department (April 1999).

[15] *Student/Teacher Achievement Ratio* (STAR) Tennessee's K-3 class size study, 1985-90, and subsequent follow-up reports, as well as the Milwaukee class size study.

$1,150 less than the statewide average spending, $4,500 less than downstate suburbs and almost $10,000 less per student than wealthy downstate suburbs. (Many of the high-need suburban districts are downstate, where costs are generally higher.)

The total spending figures include revenue from all sources: local, state, federal and private. When adjusted for inflation, the State's overall per-pupil school aid allocation of $4,540 is still lower than it was ten years ago.[16] And, New York City actually spends the highest percentage of education dollars in the classroom, rather than on administration.

Teacher Issues



There are many conditions that make teaching in the State's large cities less attractive to qualified teachers than working in the more affluent suburbs and small cities. The pay is less, the building conditions are often poor and resources lacking, classes are larger and behavioral problems are more prevalent than in better-off districts. These same disparities in conditions affect superintendents, principals and other administrators.

The median teacher salary in the large city school districts is $45,002 as opposed to $64,217 in the low-need school districts. Additionally, teachers in low-wealth districts often have less access to professional development opportunities. Consequently, New York City and the large cities, as well as other high-need districts throughout the State, experience a high turnover and a constant need for teaching staff, as well as administrators and principals. And to make matters worse, more than half of the State's teaching force — over 100,000 teachers—is eligible to retire within this decade. Unable to fill positions, the large cities are forced to hire uncertified teachers and teachers who lack expertise in the subjects they teach.

- New York City has nearly 10,000 uncertified educators — one out of 7 or 8 city teachers. In comparison, there are only 500 uncertified teachers throughout the rest of the state).[17]

- On average, 19 percent of teachers in high-minority schools in New York City are unlicensed or uncertified, compared with only 5 to 6 percent in schools outside the big five cities.

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[16]Using SED figures and applying the Consumer Price Index over a ten-year period (national CPI — all urban consumers, U. S. Department of Labor).

[17]The Regents plan to eliminate temporary licenses, which are issued to teachers lacking any requirement such as certification, education, or even citizenship, by September 2003. In 1999-00, 15.6 percent of New York City's teachers had temporary licenses, compared with only 3 percent of teachers in the rest of the State.

Few would dispute the relationship between quality of teaching and educational results. However, there is no single or universally accepted statistical measurement of teaching quality. For example, while there is a correlation between the number of uncertified teachers and student performance,[18] certification itself is not a complete indication of a teacher's effectiveness or ability to teach. The strongest evidence that particular measurable teacher qualities (e.g., years of experience, scores on certification exams, or education in the subject field) have a direct effect on student performance is found in middle and high school science and mathematics courses; in such classes teachers' content knowledge is especially important.[19]

Teacher quality also has a strong impact on early grade learning. For example, a study on fourth grade reading skills showed a dramatic impact. This study tracked two groups of fourth graders starting with similar scores on standardized reading tests (falling into the 59th and 60th percentiles). These students were assigned to either "highly effective" or "ineffective" teachers for three years. At the end of that period, the students in the group with effective teachers rose to the 76th percentile for reading and the other group dropped down to the 42nd percentile on the same test.[20]

"Merit pay" for teachers has been a recurrent and controversial issue. Although the idea of directly linking teacher pay to student performance is appealing to many as a quality measure, there are fundamental problems in attempting to create such a system. Because of the serious practical drawbacks, even after decades of discussion, actual implementation of merit pay programs has been very limited. Plans have also been abandoned in a number of high profile cases and produced problems in others.[21]

The biggest impediment to linking test scores or other measures on a class-by-class basis to individual teacher's pay is that student performance in any year depends on a number of things, especially the previous preparation of students, but also their learning abilities, and home environment. Talented, hard-working teachers certainly make a difference, as do the curriculum and classroom environment, but isolating the contribution of a single teacher is not always practical.

Poorly designed merit pay plans may unfairly evaluate teachers on the basis of one year's results with a group of students who may be very dissimilar to those in another classroom. Such plans can also encourage teachers to compete for good students, or seek to exclude needy students

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[18] *Academic Performance, Characteristics and Expenditures in New York City Elementary and Middle Schools*, New York University, 2000, prepared for SED's Education Finance Research Consortium.

[19] 1) *Science Teacher Characteristics by Teacher Behavior and by Student Outcome, A Meta-Analysis of Research*, Journal of Research in Science Teaching, Vol. 20; 2) *Evaluating the Effect of Teacher Degree Level on Educational Performance*, Developments in School Finance, 1996.

[20] *Teacher Effects on Longitudinal Student Achievement*, Heather Jordan, Robert Mendro, Dash Weerashinghe, 1997.

[21] A good summary of the history of the issue is available in "Long History of Turmoil Surrounds Incentive Pay for Teachers," Sarah Kershaw, *The New York Times*, April 10, 2000. See also "Making a Case Against Performance Pay," Richard Rothstein, *The New York Times* April 26, 2000.

from their classes — a result which would harm existing efforts to address the performance gap. Even without merit pay, good teachers are often drawn to schools and classes where clusters of good students are found. Other ill-effects of poorly designed plans can include grade inflation, "teaching to the test," or otherwise manipulating results. Subjective evaluations by administrators can also pose problems, such as favoritism.

In addition, many studies have found that teachers, especially good teachers, are most often motivated by factors other than a fee-for-service exchange, and that merit pay usually causes more dissatisfaction than positive motivation.

A distinction is often drawn between individual versus school-wide or team incentives, although both are referred to as merit pay. In New York State, there is probably only one school district that directly factors student performance into individual teachers' pay (Geneva, in Ontario County). However, there are a small number of programs paying incentives on a school-wide or team basis. For example, in several New York City Community School Districts there are plans which provide intensive professional development and offer a school-wide bonus if certain performance targets are met.

Educators have often supported team-based merit incentives and even individual plans that are based on skills acquired or on a broader evaluation of teacher quality. Generally, a good plan should provide incentives that encourage teamwork, stimulate interest in teaching and encourage teacher participation in management. A frequently cited Colorado plan provides incentive payments above the basic salary structure for such things as becoming nationally certified or a master teacher, learning new skills, or raising student performance based on a plan among a group of teachers or school-wide, and taking on more responsibilities. Many of these features are also in place in New York school districts.

Further evaluation of merit incentives should be carried out in New York State, and the Regents and the State Education Department should take a role in this issue. Although teacher contracts are negotiated locally, the State Education Department could help by making information available on best practices and model programs for merit incentives. Good merit incentive plans should encourage teamwork, professional development and help all students improve their performance, especially at-risk students who have the farthest to go to meet new learning standards. Incentives should be designed that do not discourage teachers from taking on students who need the most help, and programs should be approached practically, not ideologically.

Benefits of Eliminating the Gap

Within a decade, minority students are expected to comprise 50 percent of the State's student population, compared with 44 percent in 1997 and 30 percent 20 years ago. Given the current educational disparities, there is a risk that this fastest growing segment of New York State's population will be consistently under-educated. Students leaving school without mastery of basic skills will fall further and further behind as the demand for advanced skills increases and the gap in pay for skilled and unskilled jobs widens.

Currently about 60 percent of incoming freshmen in the City University of New York (CUNY) are New York City public school graduates, many of whom require intensive remedial attention, a condition which has created controversy at CUNY.

Mathematics and science skills are needed for the fastest growing occupations, such as database administration, computer science, systems analysis, physical and occupational therapy, health aides and medical assistants. Within this decade, the U.S. Department of Labor estimates that nearly 50 percent of all jobs will require high levels of knowledge and skills. Currently, almost all employers require certain credentials from applicants, such as diplomas or job-specific experience. Just as the need for skills is growing, the difference in pay among jobs that require education and those that do not is also growing.

Census data for the past several decades show that having a bachelors or advanced degree is becoming more and more significant in terms of income. Twenty years ago an individual with a bachelors degree could expect earnings 45-55 percent greater than someone with only a high school diploma, and an advanced degree was associated with earnings 25-35 percent greater than a bachelors. Today the differentials are greater and an individual with a bachelors degree on average earns 70-80 percent more than with only a high school diploma, and an advanced degree on average produces an additional 50-60 percent in earnings.[22]

While the percentage of minority students and students living in poverty getting a high school diploma has increased in the past few decades, just having a high school diploma will earn less money in relative dollars than 20 or 30 years ago. At the same time, the average male dropout is actually earning 17 percent less than in 1989.[23]

Schools with large numbers of children living in poverty and/or minority students tend to have a much higher dropout rate than wealthier schools. Besides earning less, students who drop out of school are more likely to be dependent on public dollars, receiving social service benefits and unemployment wages, necessitating higher health care costs, and possibly being associated with or committing crime, requiring involvement with the State's judicial and penal systems. (Nearly 55 percent of all New York State inmates did not graduate from high school.) Dropouts are also less likely to participate in civic activities, and because they will generate less income, they will less likely contribute to the lowering of state and national income and tax collection.

A recent Rand Corporation report evaluated the costs and benefits of closing the education gap, noting that one obstacle to making this investment is the fact that the spending of education dollars and the accrual of social benefits from that spending do not overlap. The Rand Corporation study found that the costs of closing the gap may be recouped within a decade or so, well within the

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[22]*Education Statistics of the U.S., First Edition*, 1999, Bernan Press. Percentage ranges have been used in this comparison because the data differ significantly between men and women, and also because the annual point-in-time estimates vary from year to year.

[23]March 1997 Current Population Survey Data, Education and Social Stratification Branch, U.S. Bureau of the Census.

lifetime of most of those called upon to make the investment.[24] Another study estimates that society will receive a return of $6 for every additional dollar invested in educating at-risk children.

And, dropouts may also raise their children without an appropriate emphasis on education. A recent study by the National Center for Education Statistics found that children's performance in reading, mathematics and general knowledge increased with the level of their mother's education. The greater the mother's education, the higher kindergartners score on reading, mathematics and general knowledge tests.[25]

Schools that Beat the Odds

Although certainly not the rule, many high-poverty and high-minority schools perform better than similar schools and some even exceed state standards.

For example, although many rural schools are considered to be in the high-need category by SED, their students are performing well on recent Regents exams, in some cases better than average-need schools. The Education Department attributes this success to smaller classes, experienced teachers and low-teacher turnover. The Regents have directed SED staff to closely examine these high-performing schools to find conditions that other high-need schools can replicate.

The Education Trust, a nonprofit education organization which aims to improve education for poor students throughout the nation, found that poor schools doing well or showing improvements share five basic characteristics: increased learning time for reading and mathematics; money devoted to continuing education for teachers and staff members; systems to monitor student progress and provide extra help; efforts to involve parents in the day-to-day learning process; and, state or district accountability requirements for teachers and the staff if students fail to show measurable improvement.[26]

The Educational Priorities Panel (EPP) closely studied 14 elementary schools in New York City's poorest neighborhoods that performed well in the last three years, excluding schools with newly appointed principals and those "selective" in their admission of students or with high rates of special education referrals.[27] The following is excerpted from EPP's list of similar patterns at the high-performing schools examined:

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[24] *Closing the Gap: Benefits and Costs*, George Vernez, Richard A. Krop, C. Peter Rydell, 1999, Rand Corporation.

[25] *America's Kindergartners: Early Childhood Longitudinal Study-Kindergarten Class of 1998-99*, Fall 1998, Statistical Analysis Report, February 2000, U.S. Department of Education (NCES).

[26] *Dispelling the Myth: High Poverty Schools Exceeding Expectations*, Report of the Education Trust in cooperation with the Council of Chief State School Officers (1999).

[27] *Beating the Odds: High-Achieving Elementary Schools in High-Poverty Neighborhoods*, Educational Priorities Panel (June 1999).

- Mastery of curriculum by principals and teachers and an immediate and correct response to poor student performance levels;

- A "walk-around" principal who managed instruction, not just a building, and who had a plan for instruction that was accepted by teachers, students and parents;

- An "open-door" classroom environment, where instruction was observed by administrators and peers, and shared planning, expertise, and student work;

- A code of professional respect and caring for children, so that teachers were likely to accept top-down leadership, as they had a sense that the focus on what they did as teachers was important;

- Parents being "held accountable" and briefed on their child's coursework, homework assignments and attendance, with quick action if problems emerged in school; and,

- Students got attention and rewards for good performance.

These conditions have been credited in some urban schools despite lack of resources, but they are usually the result of the extraordinary efforts of a small, committed group of administrators, teachers and parents. In some cases additional resources are also provided by special grants, community organizations or by the parents themselves. It is questionable whether these results can be attained across all schools in high-need districts without additional resources.

Necessary Reforms

In New York, the Board of Regents has led the campaign to raise standards. SED produces reports on student performance and finance, and Regents and Department officials have for many years drawn attention to the disparities in resources and performance among school districts. Recently, attention to this topic has increased, as the Regents are focusing on the performance gap in an effort that is linked to their school aid proposals and a public information campaign on the topic, justifying why more aid needs to be directed to high-need districts. Additionally, with the Campaign for Fiscal Equity trial nearing completion and a decision expected soon, there may be some momentum for change.

As a result, many policy initiatives are being introduced to eliminate or lessen the gap, such as the implementation of new and stricter learning standards, assessments, and graduation requirements. The State is also considering increased accountability for schools tied to new standards, rewarding districts where students perform well and more closely regulating schools that perform poorly. The Regents have also introduced reforms for teacher education and certification. The 2000-01 enacted budget also included new programs for teacher recruitment and training in hard-to-staff regions of the State.

Standards/Accountability

The new learning standards and graduation requirements are the centerpiece of a comprehensive accountability agenda established by the Regents. The new standards and graduation requirements are intended to provide higher order skills and knowledge that all students need to be prepared for work, further education and participation in a democracy. When the standards are fully phased in, all students, with the exception of those with severe disabilities, will be expected to pass five demanding Regents examinations.

New, more rigorous reading and mathematics tests administered in the early grades are intended to help determine what kind of help students need to eventually pass Regents exams in high school. Student performance on tests is publicly disseminated annually through "report cards," which compare each school's performance to schools with similar characteristics, such as district wealth and the percentages of special needs students.

The Regents have also adopted new regulations requiring additional services for the lowest performing students. Students who perform poorly on statewide tests or show signs of potential failure are now required to receive "academic intervention services," which means extra assistance in the form of extended-day programs, smaller classes or other such programs. ELL students are required to receive up to three times more instruction in English.

Additionally, a new public classification of schools as to their performance in attaining the new standards has been adopted. The new "System of Accountability for Student Success" (SASS) aims to connect more closely schools' performance on new learning standards with the degree of flexibility schools will be given to reach standards. Based on scores on standardized tests, students meeting graduation requirements and other criteria, SASS will categorize schools as "meeting standards," "below standards," or "farthest from standards," any of which can receive a designation of "rapidly improving." A fourth category — "exceeding standards" — may be introduced in several years.

The category a school is assigned is determined by an index SED introduced in July, rating schools on a scale of 1 to 200. A score of 200 would indicate all students meet standards, placing a school into the category of "meeting standards." This rating will be displayed on the annual school report card issued in spring 2001, indicating where a school stands in relation to the new standards, along with performance targets set by SED.

Schools not meeting standards will be required to develop a comprehensive plan describing how they will improve performance. SED's announced intention is for this plan to replace a variety of existing required plans. Depending on a school's ranking, some plans will require SED approval, while others will simply require the approval of the local school board. Districts doing well or showing marked improvement will have more flexibility in plans and, possibly, also in their use of State funds. The Regents have not yet articulated these plans through regulations and some of their plans will require statutory changes (i.e., those allowing greater flexibility in the use of State funds).

This type of approach — providing greater flexibility for districts that perform well — has been recommended in Comptroller's reports.

The SASS proposal has been criticized because it would effectively rank schools with dissimilar characteristics. In contrast, the current "school report cards" appropriately compare the performance of students with students from schools with similar characteristics, such as concentrations of poverty, district wealth (ability to meet needs), and the percentage of English language learners and special education students — all of which largely determine how well students will do.[28]

In essence, SASS effectively expands and revises the current program used to identify the lowest performing schools (which may be designated as SURR schools, for Schools Under Registration Review). SURR schools are designated as such if they are judged by the Commissioner of Education to be furthest from the State's standards and most in need of improvement. The criteria for being furthest from standards is changed annually.

In addition, under regulations already adopted for the SASS designation of "rapidly improving," student performance data may be broken out by race, ethnicity, special needs, and economic status. SED is now developing a unique student identifier system, which may take several years, but which will enable data to be disaggregated by such demographic subgroups.

In addition to the designation of rapidly improving schools, the ultimate goal for this new data system is to track each student's progress throughout their K-12 education, enabling better identification of problem areas and trends. As part of overall efforts to eliminate the performance gap, SED is also developing plans to eventually use this data to target schools with the biggest test score differences among white and minority students and other demographic subgroups, then setting specific goals for improvements. Several other states have pursued a similar strategy, and in some states, notably California and Texas, data on test scores by race and other demographic characteristics are reported publicly by school.

Teachers

A variety of policies and initiatives are under way to address teacher quality issues. The Regents have adopted the following policies and regulatory changes to improve teacher education program quality and make certification more meaningful:

- Education schools where fewer than 80 percent of graduates pass State certification can be put on probation requiring remediation plans with deadlines, or ultimately be shut down. Applying that standard, some schools would be closed now — mainly in New York City.

- New middle school and high school teachers must major in the subject they plan to teach.

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[28]For example, see *Commentary: The Proposed SASS Accountability System. Comments and Observations from the Curriculum and Instruction Committee of the NYS Council of School Superintendents* (November 1999).

- Teaching certificates have been redesigned, limiting the subjects and grade levels teachers can teach and strengthening permanent certification requirements. Teachers unions and other education groups fear that in some cases these rules may be too restrictive.

- Passing scores for teaching certification exams have been raised.

- All temporary teacher licenses will be phased out by 2003. This proposal would especially impact high-need districts where the proportion of uncertified teachers is high.

- The Regents intend to make accreditation of all 114 teacher education colleges more rigorous than it currently is—requiring a comprehensive review of programs, staff and student outcomes. This will be fully implemented as of December 2004.

- New standards will dictate coverage by teacher education programs of certain topics, such as technology use, pedagogy, arts and sciences.

The Regents have adopted regulations requiring school districts to provide professional development to teachers:

- By September 2000, each school district will be required to have a professional development plan describing how they will provide teachers with training aligned with the new standards.

- Starting in the fall of 2004, districts will have to detail how they plan to provide each teacher with 175 hours of professional development over the course of five years.

The Regents are also considering other regulatory changes, such as: new certification requirements for school administrators and supervisors; a code of ethics for teachers; and, requirements of student/teacher mentoring for new teachers.

The regulatory changes to date call for more rigorous training and certification of teachers. Although raising standards for teacher education is critical to the general movement to raise educational standards, this change in and of itself may have a negative impact on the supply of teachers. Since there is already a teacher shortage, and about 50 percent of New York's current teaching force may soon retire,[29] the enacted 2000-01 budget includes $25 million for teacher recruitment, training and retention programs, such as:

- Annual awards for teachers to work in shortage areas ($3,400 a year for up to four years).

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[29]Teachers unions have estimated that more than half of the State's teachers will retire within a decade. According to SED's 1998-99 data, of the 229,800 teachers currently employed in New York, almost 30,000 are over age 55, almost 100,000 are between the ages of 45 and 55 and 16,000 have temporary licenses.

- Tuition reimbursement awards for provisional teachers to obtain permanent certification — or professional certification, as it will soon be called ($2,100), as well as stipends for uncertified teachers in shortage areas to get provisional certification ($2,000).

- A summer intern program for college students to work in the Big 5 city school districts as classroom tutors or assistants. An intensive summer internship program for new teachers in New York City.

- Salary supplements for nationally certified master teachers who work in low-performing schools ($10,000 a year for up to three years) — national certification is optional (in New York and elsewhere); it is considered to be a mark of distinction and is significantly more rigorous than standard certification.

Early Childhood Education

In 1997, the Legislature and Governor agreed on multi-year funding for a package of new early childhood programs—universal pre-kindergarten, full-day kindergarten, and early grade class size reduction. These programs were introduced by the Assembly as part of their LADDER proposal (Learning, Achieving, and Developing by Directing Educational Resources), and were planned to receive annual funding increases over a five-year phase-in period (see chart below).

The early-grade class size reduction program, which began in 1999-00, provides incentive funding for school districts to lower their average kindergarten through third grade class sizes to 20 children. The universal pre-kindergarten program provides incentive funding for pre-K programs. Both provide ongoing funding, whereas the full-day kindergarten program provides only start-up funding for districts implementing full day kindergarten (these districts will eventually receive increased funding under the regular aid formulas because the full day kindergarten program increases their pupil counts).

Early Childhood LADDER Initiatives

Funding Phase-in (millions $)	1998-99	1999-00	2000-01	2001-02 (planned)
Pre-Kindergarten	$67	$85	$225	$500
Early Grade Class Size Reduction	—	$73	$140	$225
Full-Day Kindergarten	$13	$7	$9	$15

The early education and class size reduction funds were based on a multitude of studies showing how each of these efforts improved student performance, especially for students in high-poverty schools.[30] Although originally agreeing to the LADDER programs, the Executive has

[30] *Using Class Size to Reduce the Equity Gap*, Educational Leadership 12/97-1/98. Also, the STAR study in Tennessee demonstrated that students in small classes in kindergarten through third grade, especially poor and

repeatedly proposed eliminating or cutting funding for these programs, which may have inhibited participation. These are essentially incentive programs and districts have been unsure whether funds will be available in the coming year (particularly given the consistently late State budgets). Even when they have chosen to go forward with programs, districts have not been able to effectively plan.

Integrating Social Services and Schools

Although much can be done within the schools to improve students' performance, in many cases other social service agencies need to be involved as well. Research indicates that collaborations among schools and social service agencies help address some root causes of gaps in performance by improving students' access to health care and to counselors who can assist with mental health issues and as well as those who assist in education and job opportunities.

Programs underway in Buffalo provide a good example. Late last year Buffalo's mayor and the State Education Department began a program in 10 of the City's schools to collaborate efforts and make social services more responsive to students' needs. The ultimate goal is to provide services such as mental health, health and foster care available to children in schools, rather than only through separate community organizations. According to SED, the utilization rate for mental health clinics in the community is about 40 percent, compared with 100 percent in schools.

Similar school-community collaborations have been established in New York City schools and the Regents intend to expand this approach to other high-need areas of the State. They also plan to expand business and chamber of commerce involvement and create regional networks statewide.

About 150 schools statewide currently have mental health clinics and about 170 have health clinics — each varying in quality and size. SED and the New York State Office of Mental Health (OMH) have issued a request for proposals to eventually fund 15 more collaborations a year between schools and county mental health agencies or local service providers. As part of their focus on the performance gap, the Regents and SED are actively promoting relationships among schools and community social service agencies, as well as the business community.

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minority students, show lasting gains in educational achievement. Over 30 years of experimental programs for 3- to 5- year old children from disadvantaged families show many significant, long-term benefits, such as lower rates of dropouts, placements in special education, teenage pregnancy, unemployment and criminal involvement, with increased levels of college attendance and participation in post-high school training programs.

School Finance Reform

The Comptroller has issued a series of reports focusing on school finance and stressing the need for reform.[31] As has been pointed out in this report through a series of examples, quite often the quality of educational programs is dependent upon the amount of money the school district has to spend. School district revenue is largely derived from local sources and therefore reflects local wealth, including property wealth as well as income with which to pay taxes. As a result, great disparities in spending, and thus in educational programs, are largely a function of variations in the tax base available to finance education.

State aid is generally paid in inverse proportion to wealth: low-wealth school districts get more aid than do wealthier districts. However, the aid payments to low-wealth school districts are not high enough to effectively allow them to even approach the amounts spent and programs provided by wealthier districts. Thus, while State aid is redistributive, it is not enough so to effectively equalize spending. Previous Comptroller's reports have focused on options for greater equity in school aid, and have recommended a "leveling up" or providing additional State aid over the long term to disadvantaged districts. Unfortunately, this approach is not being effectively followed at this time.

Although New York State usually ranks high on 50-state spending comparisons, with spending per pupil second only to New Jersey on the most recent U.S. Department of Education data, it also ranks very high on measures of funding inequity. For example, in a 1999 review of public school finances, New York State was the worst-ranked state on three different statistical measures of equity[32]. A 1997 study from the U.S. General Accounting Office also ranked New York very poorly on a scale of equity in per pupil funding.[33]

Over the past four years, State school aid has increased by an unprecedented total of $3.4 billion — 33 percent. However, instead of taking advantage of these school aid increases to help equalize school spending, annual increases have been generally provided through a politically negotiated distribution which cannot and does not effectively address equity. Each year, the legislative leadership and the Executive agree on some broad parameters for school aid, such as how much the year-to-year increase will be and on how, overall, the aid will be distributed among regions. More than 40 aid formulas and grant programs are then altered by technicians to achieve the desired result. Although the formulas were originally intended to reflect need, each year's

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[31] See, for example, *An Agenda for Equitable and Cost-Effective School Finance Reform* (October 1996); *School Finance Reform - A Discussion Paper* (October 1995); *School Facilities: Conditions, Problems, Solutions* (October 1997), as well as Comptroller's reviews of Executive and enacted budgets.

[32] "Tax Policy and Public School Finance," Lloyd A. Blanchard and William Duncombe, *Handbook on Taxation*, Marcel Dekker, Inc. (1999): this study ranked 49 states on three statistics commonly used to assess relative equity — the coefficient of variation, McLoone's index and the Gini coefficient.

[33] *School Finance: State Efforts to Reduce Funding Gaps between Poor and Wealthy School Districts*, U.S. General Accounting Office (February, 1997).

manipulation is in truth most heavily driven by a politically determined distribution system. Each year the Comptroller's annual budget reports have criticized the Legislature and Governor for failing to reform school aid or provide greater equity.[34]

While considering education aid in the coming year, decision-makers may be influenced by a possible decision in the Campaign for Fiscal Equity (CFE) trial, as this case could ultimately force a change in the school finance system. While it originated as a lawsuit on behalf of New York City students, it now includes membership of education groups throughout the State, and its focus is on statewide reform.

CFE contends that pupils in high-need districts are denied the opportunity to obtain a sound basic education. The lawsuit aims to define and guarantee a "sound basic education" to ensure that all students in the State receive such an education. CFE argues that New York's education finance system violates the State constitution by preventing thousands of students from having an opportunity for a sound basic education and violates the federal Civil Rights Act of 1964 which prohibits racial or ethnic discrimination of programs that receive federal funding.

A variety of plans and studies are available which could help the Legislature or Executive in fashioning a reform plan. All of the major educational advocacy organizations have reform agendas, and there are remarkable similarities among them. The League of Women voters and other groups have also put out a series of educational materials describing school finance issues. Another proposal has been offered by a group of upstate school districts.[35]

The Regents annually submit a school aid proposal to the Legislature, and this year (2000-01) they called for an aid increase of $1.3 billion, and $6.9 billion over the next five years. They proposed re-designing the formula to better take into account special needs students and regional costs, a concept advanced in previous Comptroller's reports, and supported in most school finance research. Although the enacted budget included another record aid increase of $1.1 billion — quite close to the Regents proposal for 2000-01 in total dollar value — but it included no overall formula reform.

Most reform proposals share common themes, such as that funding should be made more equitable and should be predictable, reliable and understandable. The current complex amalgamation of formulas annually manipulated in the budget process does not meet any of these tests.

The Regents and SED have put out a great deal of information on the need for school finance reform, including annual reports and special studies. Several years ago, the Regents began sponsoring a series of research papers on the relationship between educational finance and high

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[34]See, for example: *2000-01 Budget Analysis: Review of the Enacted Budget* (June 2000), *1999-00 Budget Analysis: Review of the Enacted Budget* (September 1999), and *1998-99 Budget Analysis: Review of the Enacted Budget* (July 1998), Office of the State Comptroller.

[35]*A New School Aid Formula for New York*, Midstate School Finance Consortium (October 1999).

standards. Although the research results vary, there is a general consensus that additional capacity and resources are necessary for schools to meet the new standards, that needs vary dramatically across school districts, and that the current school aid formula(s) need dramatic alterations in order to meet those needs.[36]

Although there is a great deal of research on the need for school finance reform, and a broad consensus that the system should be redesigned, no significant effort has been made in this regard for some time. New York's failure to achieve reform is rooted in the short-comings of the current budget process, which effectively lacks a long-term focus and tends to result in the avoidance of difficult issues.

From time to time, various piecemeal alterations to the aid formula have been made with the intent of addressing funding for the new standards, such as "operating standards aid" and a series of other additions or alterations to the existing formula. Although making modest corrections to the aid distribution appear to be better than making none, the research generally shows that modest corrections will not be sufficient to address the current gulf in performance between high- and low-need districts.

The problems with the current formula are overwhelming. In addition to the complexity and a failure to successfully target aid or address equity, the current formulas are in many ways inconsistent with a focus on cost-effectiveness. Through a series of "spend-to-get" provisions, the formulas encourage higher spending and penalize economy. The jumble of formulas also tend to produce unexplainable wide swings in aid from year to year. For these reasons the current aid system probably cannot provide an ultimate solution to either funding equity issues or the performance gap. A complete restructuring of the system must be sought if New York State is to take serious steps toward ensuring that all schools have the resources necessary to achieve higher standards.

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[36] *Educational Finance to Support High Learning Standards*, New York State Board of Regents (March 1998), p. 15.